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SPEECH BY THE PREMIER, MR. DUNSTAN, TO THE AUSTRALIAN FINANCE CONFERENCE.

18/11/71.

MY LORD MAYOR, MR. WAYLAND, MR. HOOD, GENTLEMEN:

IT'S A PLEASURE TO BE IN THE MIDST OF A BODY WHOSE MEMBERS, IN THEIR EVERY DEALING, REFUTE THE FIRST COMMERCIAL SLOGAN THAT WAS EVER IMPRESSED UPON ME. IT WAS HUNG BEHIND THE COUNTER IN A SMALL DELI AND IT READ SIMPLY: "IN GOD WE TRUST. ALL OTHERS CASH".

I WANT TODAY TO TALK BRIEFLY ABOUT A TOPIC WHICH IS OF PARTICULAR CONCERN TO US IN GOVERNMENT AND TO YOU IN THE FIELD OF COMMERCIAL CREDIT AND WHICH IS, INDEED, THE SINGLE MOST IMPORTANT ISSUE CONCERNING ALL AUSTRALIANS AT PRESENT - THAT OF THE NATIONAL ECONOMY AND ITS RELATED PROBLEMS OF EMPLOYMENT AND INFLATION. AND I WANT ESPECIALLY TO LOOK AT THE MEANS BY WHICH THE CENTRAL GOVERNMENT SEEKS TO REGULATE THE ECONOMY.

OUR CURRENT CONCERN WITH AUSTRALIAN G.N.P., N.N.P., P.D.I. AND THE LIKE MUST, OF COURSE, BE EXPRESSED IN RELATIVE TERMS. THERE ARE MANY MILLIONS OF PEOPLE IN THE WORLD LIVING IN POVERTY, HUNGER AND MISERY WHO WOULD CHEERFULLY SACRIFICE A LIMB MERELY TO BE ABLE TO HAVE TO CONFRONT THE PROBLEMS WHICH NOW FACE US.

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MILLIONS WHO WILL TONIGHT GO TO BED HUNGRY. WE FORM PART OF A DEVELOPED MINORITY WHICH IS NOT MERELY AFFLUENT BUT WHICH, IN THEIR TERMS, IS RICH. IT IS MORALLY IMPERATIVE THAT IN ANY POLICIES WE FRAME THERE SHOULD BE PROVISION TO ASSIST THE LESS DEVELOPED AND THE LESS FORTUNATE.

BUT WE ALSO HAVE A RESPONSIBILITY AS GOVERNMENTS, AS AUSTRALIAN GOVERNORS, TO MANAGE OUR OWN HOUSE FOR THE BENEFIT OF OUR OWN CITIZENS. IF WE DO NOT DO SO WE CANNOT HOPE TO ASSIST OTHERS - EVEN AT THE PRESENT NIGGARDLY LEVEL OF ASSISTANCE.

IT IS A TRUISM TO STATE THAT THE MANAGEMENT OF AN ADVANCED INDUSTRIAL ECONOMY - SUCH AS THAT OF AUSTRALIA - IS THE MOST COMPLEX PROBLEM WITH WHICH GOVERNMENTS HAVE TO DEAL. THE EVIDENCE IS ABUNDANT, TOO, THAT, IN THE MAIN, WE'RE NOT DOING IT VERY WELL.

ONE OF THE MAIN REASONS FOR THIS, IN MY VIEW, IS OUR CONTINUING HEAVY RELIANCE ON OUTMODED TECHNIQUES OF FISCAL MANAGEMENT AND A TOO READY ACCEPTANCE OF THE SHIBBOLETHS OF AN EARLIER, SIMPLER AGE.

WE ARE NOW, ECONOMICALLY SPEAKING, IN A POST-KEYNESIAN PERIOD AND THE METHODS EVOLVED BY THE KEYNESIANS TO PROVIDE ECONOMIC CORRECTIVES ARE NO LONGER ADEQUATE TO OUR NEEDS AND ARE IN URGENT NEED OF RE-EXAMINATION AND OVERHAUL.

THE FIRST PLACE TO BEGIN IS WITH THE SO-CALLED REGULATORS AND THE MANNER IN WHICH WE APPLY THEM. MY MAIN POINT, IF I MAY USE A SOMEWHAT HOMELY METAPHOR, IS THAT WE ARE USING THE CRAFT OF THE JACKHAMMER OPERATOR IN A SITUATION WHICH CALLS FOR THE SKILLS OF A BRAIN SURGEON.

FOR INSTANCE, I DO NOT BELIEVE - AND I'M SURE THERE ARE MANY IN THIS AUDIENCE WHO WILL AGREE WITH ME - THAT ARBITRARY FLUCTUATIONS IN INTEREST RATES ARE, BY THEMSELVES, AN EFFICIENT MEANS OF REGULATING SO FINE A BALANCED INSTRUMENT AS THE AUSTRALIAN ECONOMY. A METHOD SUCH AS THIS, USED WITHOUT REFERENCE TO OTHER CONSIDERATIONS, IS HIGHLY SELECTIVE IN ITS EFFECTS. IT DIRECTLY AFFECTS YOUR OPERATIONS.

MORE IMPORTANTLY, IF YOU'LL FORGIVE A BIT OF SPECIAL PLEADING, IT AFFECTS ME IN THE QUITE DRAMATIC REPERCUSSIONS IT CAN HAVE ON, FOR INSTANCE, HOUSING.

USED IN ISOLATION, IT IS TOO BLUNT AN INSTRUMENT. TO CITE A PARTICULAR, TOPICAL INSTANCE, USE OF THE INTEREST RATE WEAPON TO ATTEMPT TO REVERSE TENDENCIES GENERATED BY THE NATIONAL BUDGET IS LOGICAL NONSENSE AND POTENTIALLY DAMAGING.

WHICH BRINGS ME TO THE MAIN AREA IN WHICH I THINK WE NEED TO MOST RAPIDLY DISPEL OUR ARCHAIC ASSUMPTIONS. THIS IS THE ANNUAL FEDERAL BUDGET, THAT ANTIQUE MELODRAMA WHICH FEATURES THE TREASURER OF THE DAY, DESPATCH BOX IN HAND MARCHING INTO PARLIAMENT FOR A MARATHON SPEECH DURING WHICH HE IS SUPPOSED PRECISELY TO GUIDE AND CHART THE ECONOMY FOR THE ENSUING TWELVE MONTHS.

HE CAN'T, WHOEVER HE IS, AND WE KNOW HE CAN'T. BUT, OPERATING AS WE DO, THERE IS A RECEIVED BELIEF THAT HE SHOULD, AND FROM THIS FLOWS CONSEQUENCES WHICH ARE QUITE DISTURBING. DESPITE OUR APPARENT AWARENESS OF THE REALITIES OF THE SITUATION, WE CLING TO THIS ANNUAL RITE WHICH HAS ABOUT AS MUCH RELEVANCE TO AUSTRALIAN SOCIETY IN THE NINETEEN SEVENTIES AS WOULD, SAY, SWAN-UPPING.

THE PROBLEM ARISES NOT WITH THE BUDGETARY PROCEDURE ITSELF BUT WITH THE CRISIS PSYCHOSIS WHICH IT GENERATES. WE ACCEPT THAT AN ANNUAL TINKERING WON'T DO THE JOB - WILL IN FACT, ALMOST INEVITABLY, LEAD TO OVER-REACTION OF ONE KIND OR ANOTHER - BUT WHEN THE CENTRAL GOVERNMENT, LATER IN THE YEAR, SEEKS TO REMEDY THE CONSEQUENCES OF THAT OVER-REACTION WE INSIST ON PERCEIVING IT IN CRISIS TERMS. THE RESULT, AGAIN IT'S ALMOST INEVITABLE, TO FURTHER OVER-REACTION.

OBVIOUSLY THERE MUST BE AN ANNUAL GOVERNMENTAL ACCOUNTING. BUT IT IS ABSURD THAT THIS SHOULD BE INEXORABLY TIED TO A YEARLY, ONE-HIT RE-ORDERING OF THE ECONOMIC HOUSE PRODUCING A SUPPOSED PANACEA TO THE SITUATION WHICH IS, TO SAY THE LEAST, SENSITIVE, CONTINUING AND FLUCTUATING. WE NEED TO RETAIN AND REFINE ALL THE TECHNIQUES OF ECONOMIC MANAGEMENT AVAILABLE TO THE CENTRAL AUTHORITY SUCH AS VARIATIONS IN THE LEVEL OF GOVERNMENTAL SPENDING, TAXATION MEASURES OR RELIEFS, INVESTMENT INCENTIVES OR DISINCENTIVES AND INTEREST VARIATIONS - APPLIED AS PART OF A NICELY CALCULATED OVERALL PACKAGE. BUT THERE IS NO REASON WHY THERE SHOULD NOT BE PERIODIC RATHER THAN ANNUAL ECONOMIC REGULATION APPLIED IN AN UNEXCITED,

SOPHISTICATED FASHION INSTEAD OF THE PRESENT TAKE-IT-OR-LEAVE-IT AND HOPE-FOR-THE-BEST ANNUAL DRAMA.

ACCEPTANCE OF THIS PRINCIPLE WOULD, I CONSIDER, GO A LONG WAY TOWARDS OVERCOMING SOME OF THE LARGELY PSYCHOLOGICAL DISABILITIES WHICH NOW APPEAR INHERENT IN OUR ECONOMIC STRUCTURE AND WHICH LEAD TO THE PRESENT DISLOCATIONS.

THESE ARE RELATIVELY SHORT-TERM MEASURES. COUPLED WITH THEM SHOULD BE THE FORMULATION OF AN OVERALL NATIONAL PLAN SETTING OUT DEFINED NATIONAL GOALS AND PRIORITIES AND ESTABLISHING ATTAINABLE GROWTH RATES. A MASTER PLAN OF THIS KIND MUST BE WORKED OUT IN CONSULTATION BETWEEN THE VARIOUS GOVERNMENTAL, TRADE UNION, EMPLOYER AND OTHER BODIES. FOR TOO LONG, NOW, WE HAVE BEEN PREPARED TO ACCEPT A SERIES OF FIATS HANDED DOWN FROM CANBERRA AS IF ENGRAVEN ON SO MANY STONE TABLETS.

PROPER CONSULTATION AT THE RELEVANT REGIONAL LEVELS, COMBINED WITH A FLEXIBILITY OF APPROACH BOTH IN THE SETTING OF TARGETS AND THE PROVISION OF MEANS BY WHICH THEY CAN BE ACHIEVED, WOULD PROVIDE A FAR, FAR HEALTHIER BASIS FOR RATIONAL ECONOMIC PLANNING. IT MAY NOT SOLVE ALL OUR PROBLEMS - THEY ARE, AS I SAID AT THE OUTSET, OF AN ORDER WHICH WOULD TAX THE POWERS OF A FACULTY OF SOLOMONS. BUT SUCH AN APPROACH WOULD BREAK A CIRCLE WHICH IT IS NOW OBVIOUS IS NOT ONLY VICIOUS BUT, IN THE WAY OF CIRCLES, IS ETERNAL.

SO FAR I HAVE BEEN SPEAKING OF THE SHORT TO MEDIUM TERM. WE SHOULD ALSO LOOK BEYOND THIS, IF ONLY SPECULATIVELY. WE SHALL, MAYBE WITHIN THE NOT TOO DISTANT FUTURE, REACH A STAGE IN WHICH PRODUCTION AND POPULATION LIMITS WILL BE DEFINED FOR ALL NATIONS - PERHAPS, TO BE SLIGHTLY UTOPIAN, ON A GLOBAL BASIS. WE WILL THEN BE FACED WITH THE JOB OF RUNNING STABILISED ECONOMIES. AND IF THE EXISTING TASK CALLS, AS I SAID, FOR THE ARTS OF BRAIN SURGERY, THEN THAT IS SOMETHING WHICH WILL SUMMON UP THE COMBINED RESOURCES OF A NUCLEAR PHYSICIST AND CHESS GRAND MASTER.

NONETHELESS, WE MUST BE PREPARED TO ACCEPT THAT THERE MAY BE A TIME WHEN DEVELOPMENT WILL NOT MEAN BIGGER AND BETTER CONSUMER PRODUCTS - A FOURTH CAR IN EVERY THIRD SWIMMING POOL AS IT WERE - BUT RATHER AN EXPANSION IN THE INTELLECTUAL, EDUCATIONAL AND RECREATIONAL AREAS OF LIVING.

THAT IS THE FUTURE - THOUGH WE WOULD DO WELL TO START CONSIDERING ITS IMPLICATIONS NOW. WHAT OF THE PRESENT? WHAT SHOULD WE BE DOING IN SOUTH AUSTRALIA?

IN ESSENCE, WE MUST DEVELOP INDUSTRIALLY AND COMMERCIALY IN SUCH A WAY THAT OUR COMMUNITY - AN EXPANDING ONE WHICH WILL CONTINUE TO EXPAND FOR SOME TIME - IS PROVIDED WITH THE JOBS, THE SOCIAL SERVICES, THE SECURITY, LEISURE AND INDIVIDUAL OPPORTUNITIES WHICH PEOPLE IN OUR SOCIETY HAVE COME TO EXPECT.

I THINK WE AREN'T DOING BADLY. THE REPORTS I RECEIVE AS INDUSTRIAL DEVELOPMENT MINISTER INDICATE THAT SOUTH AUSTRALIA FARES FAR ABOVE AVERAGE IN THE AMOUNT OF DEVELOPMENTAL INVESTMENT WE ARE SECURING FOR THIS STATE. I SAID THE OTHER WEEK THAT THE PROGRESS WE HAVE ACHIEVED MADE US AN ISLAND OF DEVELOPMENT IN A SEA OF STAGNATION.

THAT'S TRUE. BUT STATE GOVERNMENTS ARE RESTRICTED IN THEIR POWERS. WE ARE THE THIRD LARGEST INDUSTRIAL COMPLEX IN THIS COUNTRY. WE ARE ITS FASTEST GROWING. BUT WE ARE STILL SUPPLYING TO A LARGELY DOMESTIC MARKET AND A WRONG DECISION, ALMOST CAPRICIOUSLY TAKEN, IN CANBERRA CAN STILL HAVE A PROFOUNDLY DEPRESSING EFFECT ON THE STATE ECONOMY. WE, MORE THAN ANY OTHER STATE, ARE SUSCEPTIBLE TO VARIATIONS IN FEDERAL ECONOMIC POLICY - NOTABLY IN THE AREAS OF SALES TAXES AND HIRE PURCHASE POLICY. TO PUT IT CRUELY, A YEAR OF THE WORK OF THE OFFICERS OF THE INDUSTRIAL DEVELOPMENT BRANCH OF MY DEPARTMENT RUNNING THEMSELVES RAGGED TO GAIN NEW DEVELOPMENT FOR SOUTH AUSTRALIA CAN BE BROUGHT TO NOUGHT BY LIGHT HEADEDNESS IN CANBERRA.

THERE IS VERY LITTLE WE CAN DO AT PURELY STATE GOVERNMENT LEVEL - BEYOND THE OBVIOUS TACTICS OF PRESSURE AND PERSUASION - TO ENSURE THAT WE OBTAIN THE CHANGES OF THE KIND OF WHICH I HAVE SPOKEN.

OUR ESSENTIAL TASK IS TO LAY THE FOUNDATION FOR THE KIND OF LIFE WE WANT TO LIVE IN THE FUTURE: TO OVERCOME, AS BEST WE CAN, OUR NATURAL GEOGRAPHIC AND ECONOMIC DISADVANTAGES AND TO MAXIMISE OUR NATURAL ADVANTAGES.

BUT WE ARE ALSO PART OF THE MAIN AND WE, LITERALLY, CANNOT AFFORD TO IGNORE THESE OTHER ISSUES. IF WE ARE TO SOLVE THE PROBLEMS BESETTING THE AUSTRALIAN ECONOMY WE SHOULD NOW INITIATE A NATIONAL DEBATE ABOUT THEM. IT IS IN THIS SPIRIT THAT I MAKE THESE SUGGESTIONS.

THANK YOU.